

Message Text

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ACTION IO-03

INFO OCT-01 ISO-00 AF-04 ARA-10 EA-07 EUR-10 NEA-06 RSC-01

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SCI-03 /093 W

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R 100846Z OCT 74

FM USMISSION IAEA VIENNA

TO SECSTATE WASHDC 5149

INFO USMISSION USUN

AEC GERMANTON

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C O N F I D E N T I A L SECTION 1 OF 2 IAEA VIENNA 8674

E.O. 11652: GDS

TAGS: PFOR, UN, UNIDO, IAEA, AU

SUBJECT: AUSTRIAN OFFER OF VIENNA AS THIRD UN CITY

REF: (A) STATE 215628 (B) VIENNA 8504 (C) VIENNA 8588

1. SUMMARY. MISSION AND USREP UNIDO CONSIDER FOR REASONS DISCUSSED BELOW WOULD BE WISE TO DEFER ANY DEFINITIVE GA DISCUSSION OR ACTION ON AUSTRIAN PROPOSAL UNTIL MUCH CLOSER TO ACTUAL COMPLETION OF DONAUPARK PROJECT. ALSO, WE WONDER WHETHER IT WILL BE FEASIBLE TO ACCEDE TO AUSTRIAN PROPOSAL WITHOUT INDUCING SIMILAR MOVES BY DEVELOPING COUNTRIES WHICH HAVE BEEN PRESSING FOR INCREASING TRANSFER OF UN FUNCTIONS INTO DEVELOPING WORLD. FOR THESE REASONS WE FEEL USG SHOULD AVOID OFFERING SUPPORT OR ENCOURAGEMENT TO GOA FOR DECISION AT 29TH GA. END SUMMARY.

2. FOLLOWING ARE COMMENTS OF MISSION AND USREP UNIDO REGARDING SUBJECT PROPOSAL BY AUSTRIANS, (REF A). SINCE AUSTRIAN PROPOSAL RELATES TO BOTH CONFERENCES AND PERMANENT SECRETARIAT
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UNITS, DISCUSSION INCLUDES FACTORS WE FEEL APPLICABLE TO

USG CONSIDERATION OF BOTH ASPECTS AND, IN ADDITION, SUGGESTS CERTAIN CONSEQUENCES WHICH ACCEPTANCE OF AUSTRIAN OFFER MIGHT HAVE FOR USG ITSELF.

3. VAT: WE FULLY ENDORSE THREE CONDITIONS PLACED BY EMBASSY VIENNA ON ITS RECOMMENDATION FOR SUPPORT IN PRINCIPLE OF AUSTRIAN PROPOSAL (PARA 5 REF B), ESPECIALLY THAT REGARDING RESOLUTION OF VAT ISSUE, AND CONCUR WITH EMBASSY RECOMMENDATION REF C FOR DEFERRAL OF DISCUSSION OF OFFER BY UNGA UNTIL VAT IS RESOLVED. WHILE VAT PROBLEM IS ESSENTIALLY SETTLED FOR OFFICIAL PURCHASES BY INTERNATIONAL ORGANIZATIONS THEMSELVES (REF C), WE WOULD ALSO CALL ATTENTION TO FACT THAT SETTLING ISSUE AS REGARDS DIPLOMATIC MISSIONS AND INDIVIDUALS ACCREDITED TO AUSTRIA AND TO THE TWO INTERNATIONAL AGENCIES WILL NOT RPT NOT FINALLY DISPOSE OF THIS MATTER. AUSTRIAN AGREEMENT WITH ORGANIZATIONS ON VAT DOES NOT COVER INDIVIDUAL MEMBERS OF INTERNATIONAL SECRETARIAT ENJOYING DIPLOMATIC PRIVILEGES AND IMMUNITIES. WHILE WE PRESUME THAT ANY AGREEMENT REGARDING EXEMPTIONS FOR INDIVIDUAL ACCREDITED DIPLOMATS WOULD ULTIMATELY BE EXTENDED TO SUCH INTERNATIONAL CIVIL SERVANTS AS WELL, WE RECOMMEND THAT THIS POINT BE CONFIRMED AS PART OF ANY SETTLEMENT OF VAT ISSUE. IF GOA FAILED TO RESOLVE VAT ISSUE FOR INTERNATIONAL CIVIL SERVANTS, CONTINUING MORALE PROBLEM (AND FINANCIAL BURDEN) ON SECRETARIAT STAFF MEMBERS WOULD NOT APPEAR TO US TO ASSURE HEALTHY CLIMATE INTO WHICH TO TRANSFER ADDITIONAL UN STAFF.

4. ATTITUDE OF LDCS: WE WONDER ABOUT EFFECT OF AUSTRIAN MOVE ON DEVELOPING COUNTRIES WHICH HAVE BEEN INCREASINGLY INSISTENT THAT LARGER SHARE OF UN SYSTEM CONFERENCES AND PERMANENT ORGANIZATIONAL UNITS BE MOVED INTO DEVELOPING WORLD. MOVE TO INCLUDE VIENNA AS ADDITIONAL HEADQUARTERS CITY IN UN PATTERN OF CONFERENCES COULD TOUCH OFF DRIVE BY DEVELOPING COUNTRIES TO OBTAIN SIMILAR DESIGNATIONS FOR, PERHAPS, BANGKOK, ADDIS ABABA, SANTIAGO AND BEIRUT, (HEADQUARTERS OF REC'S) WITH CONSEQUENT IMPLICATIONS FOR UN BUDGET. MOVEMENT OF PERMANENT SECRETARIAT UNITS OUT OF NEW YORK OR GENEVA ONCE SET IN TRAIN, MIGHT ALSO GIVE RISE TO PRESSURES TO LOCATE THEM IN DEVELOPING WORLD, RATHER THAN IN VIENNA. FURTHER, CONFIDENTIAL

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MOVEMENT OF SECRETARIAT UNITS FROM NEW YORK COULD FOCUS, IN FIRST INSTANCE, ON DIVISION OF NATURAL RESOURCES AND TRANSPORT, FOR WHICH USSR AND SOME DEVELOPING COUNTRIES HAVE ADVOCATED MOVE TO VIENNA AND MERGER WITH UNIDO, A PROPOSAL WHICH US HAS RESISTED. (SUCH MOVE COULD ALSO HEAT UP SIMMERING DISAGREEMENT BETWEEN DRT AND IAEA OVER URANIUM RESOURCES AND CERTAIN OTHER ASPECTS OF ENERGY FIELD.) IF MOVE EFFORTS FOCUSED ON UN SECRETARIAT SCIENCE AND TECHNOLOGY UNITS,

AS HAS ALSO BEEN SUGGESTED IN PAST, EFFECT COULD BE TO LEND STEAM TO KENYAN PROPOSAL IN ECOSOC FOR ESTABLISHMENT OF MAJOR NEW UN PROGRAM TO CONSOLIDATE AND AUGMENT UN SECRETARIAT ACTIVITIES IN S&T AREA.

5. CONFERENCES: NOT CLEAR TO US WHETHER GOA INTENTION IS TO HAVE VIENNA DESIGNATED AND USED AS UN CONFERENCE CITY EVEN PRIOR TO COMPLETION OF DONAUPARK FACILITIES. EXISTING CONFERENCE FACILITY AT HOFBURG IS, IN OUR VIEW, INADEQUATE FOR LARGE INTERNATIONAL CONFERENCES. FACILITIES FOR BOTH DELEGATIONS AND SECRETARIAT ARE MARGINAL AT BEST, AND THERE IS NO RPT NO PROSPECT OF RELIEF UNTIL CONFERENCE AREA AT DONAUPARK IS IN OPERATION (I.E., 1978). PRESUMABLY IF VIENNA WERE DESIGNATED AS UN CONFERENCE CITY UN WOULD LOOK TO EXISTING UNIDO CONFERENCE SERVICES UNIT TO SUPPORT ADDITIONAL UN CONFERENCES HERE. UNIT IS ALREADY NEAR LIMITS ITS CAPACITY AND COULD PROBABLY NOT HANDLE ADDITIONAL WORKLOAD WITHOUT AUGMENTATION. PRIVATE THINKING IN UNIDO SECRETARIAT IS THAT EXPANDED AUTONOMOUS UN CONFERENCE SERVICE UNIT A LA GENEVA WOULD HAVE TO BE ESTABLISHED. FURTHER, IT IS NOT RPT NOT LIKELY THAT OVERBURDENED IAEA CONFERENCE SERVICES UNIT, WHICH HAS HANDS FULL WITH ANNUAL PROGRAM OF 30 OR MORE MAJOR INTERNATIONAL SCIENTIFIC CONFERENCES ALL OVER WORLD AS WELL AS AGENCY'S INTERGOVERNMENTAL BODIES, WOULD BE ABLE TO OFFER RELIEF EXCEPT ON BASIS OF REIMBURSEMENT ARRANGEMENT WITH UN WHICH WOULD BE HIGH-COST OPTION. INTERPRETERS WOULD POSE SPECIAL PROBLEM, SINCE VIENNA DOES NOT CURRENTLY HAVE THE POOL OF RESIDENT FREE-LANCE INTERPRETERS AVAILABLE IN NEW YORK OR GENEVA AND SUCH INTERPRETERS AS ARE AVAILABLE IN VIENNA NORMALLY HAVE GERMAN MOTHER TONGUE AND LANGUAGE COMBINATIONS UNSUITABLE FOR UN CONFERENCE WORK (AGENCY LANGUAGE SERVICES STAFF STATES THAT THERE MIGHT BE AS CONFIDENTIAL

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MANY AS TWO OR THREE INDIVIDUALS WITH SOME MARGINAL UTILITY WHO ARE RESIDENT IN VIENNA). AGENCY AND UNIDO USUALLY HAVE TO GO TO GENEVA, PARIS, LONDON AND SOMETIMES ROME OR MADRID TO RECRUIT ADDITIONAL INTERPRETERS AS REQUIRED. INCREASE IN CONFERENCE LOAD IN VIENNA WOULD INCREASE THIS REQUIREMENT, AT CONSIDERABLE COST. ALTERNATIVELY, INDIGENOUS SECRETARIAT LANGUAGE SERVICES STAFFS COULD BE BUILT UP (THERE IS ALREADY SOME DEGREE OF COMMON STAFFING BETWEEN IAEA/UNIDO IN THIS AREA), BUT THIS WOULD POSE ANOTHER BUDGETARY PROBLEM. ADDITION OF VIENNA TO PATTERN OF CONFERENCES WOULD OF COURSE RELIEVE GOA OF DEFERRING INCREMENTAL COSTS OF HOSTING UN CONFERENCES HERE, BUT WOULD DO SO BY TRANSFERRING THIS BURDEN TO UN ASSESSED BUDGET.

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C O N F I D E N T I A L SECTION 2 OF 2 IAEA VIENNA 8674

EXAPNSION OF NUMBER OF UN CONFERENCE CITIES FROM TWO TO THREE WOULD PRESUMABLY ALLEVIATE BURDEN ON EXISTING UN CONFERENCE FACILITIES. HOWEVER, GIVEN NATURAL TENDENCIES OF UN SYSTEM KNOWLEDGE THAT ADDITIONAL FACILITIES EXISTED MIGHT SERVE SIMPLY TO INVITE PRESSURES FOR MORE CONFERENCES. FINALLY, AS ALSO NOTED BY EMBASSY VIENNA PHYSICAL FACILITIES OF VIENNA IN TERMS OF HOTEL AVAILABILITY, ESPECIALLY IN TOURIST SEASON (WHICH COINCIDES WITH MOST POPULAR CONFERENCE SEASON), ETC. ARE NOT REALLY ADEQUATE TO SUPPORT EVEN EXISTING VIENNA CONFERENCE LOAD, MUCH LESS PROVIDE FOR SUBSTANTIAL INCREASE, WITHOUT CONCRETE AUSTRIAN ACTIONS TO UPGRADE THEM. THUS, WE FEEL THAT ANY GA DECISION REGARDING INCLUSION OF VIENNA IN PATTERN OF CONFERENCES AS HEADQUARTERS CITY ON SAME BASIS AS NEW YORK OR GENEVA SHOULD BE DEFERRED UNTIL A WORKING CONFERENCE FACILITY AT DONAUPARK IS MUCH CLOSER TO REALITY, AND CONSIDERABLE IMPROVEMENT CAN BE OBSERVED IN SUPPORT FACILITIES. IN ANY CASE, BUDGETARY AND OTHER IMPLICATIONS OF AUSTRIAN PROPOSAL WOULD APPERA TO REQUIRE CON-

SIDERABLE BURTHER CONSIDERATION BEFORE ADOPTING A POSITION ON AUSTRIAN INITIATIVE.

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6. SECRETARIAT UNITS: FURTHER TO AUSTRIAN PROPOSAL THAT ADDITIONAL PERMANENT UNITS OF SECRETARIAT BE TRANSFERRED TO VIENNA, WE FEEL IT PREMATURE TO CONCLUDE AT THIS POINT, FOUR YEARS BEFORE COMPLETION OF BUILDING, THAT THERE WILL NECESSARILY BE SPACE FOR 500 ADDITIONAL SECRETARIAT PERSONNEL IN DONAUPARK COMPLEX. IT MAY BE THAT THERE WILL; IT MAY BE THAT THERE WILL BE EVEN MORE. HOWEVER, IT STRIKES US AS QUESTIONABLE PRACTICE FOR GA TO DECIDE NOW TO PUT ADDITIONAL PEOPLE IN VIENNA IN MAKESHIFT FACILITIES IF MOVES STARTED BEFORE DONAUPARK COMPLEX COMPLETED, OR IN EXPECTATION THAT THERE WILL BE ROOM FOR THEM THERE AT SOME POINT IN FUTURE. OUR UNDERSTANDING IS THAT PRIMARY REASON AUSTRIANS HAVE DETERMINED THAT THERE WILL BE EXCESS CAPACITY IN DONAUPARK PROJECT IS ADVICE FROM IAEA THAT ITS EARLIER STAFFING ESTIMATES MIGHT PROVE EXCESSIVE. GIVEN NUMBER AND NATURE OF NEW INITIATIVES BEING TAKEN WITH REGARD TO AGENCY, PARTICULARLY IN SAFEGUARDS FIELD (IN WHICH IT IS POLITICALLY IMPOSSIBLE TO INCREASE STAFFING THROUGH REDUCTIONS IN OR REDIRECTION OF EFFORT FROM OTHER AGENCY PROGRAMS OR ACTIVITIES), BY US AND OTHER INDUSTRIALIZED COUNTRIES, DG'S ESSENTIALLY CONSERVATIVE ESTIMATES (REVISED ESTIMATES ARE BASED ON VIRTUALLY STATIC SITUATION OR, AT MOST, DECLINING CURVE OF GROWTH IN AGENCY STAFFING) MAY WELL TURN OUT TO BE LESS THAN ACCURATE. EVEN IF SUCH EXCESS OFFICE CAPACITY WERE AVAILABLE, WE WONDER WHETHER VIENNA IS, AT PRESENT, PREPARED TO SUPPORT PERMANENT RESIDENCE OF THIS MANY ADDITIONAL INTERNATIONAL CIVIL SERVANTS. EXTREMELY THIN MARKET FOR ADEQUATE PROFESSIONAL-LEVEL RENTAL HOUSING HERE ALREADY CAUSES CONSIDERABLE HARDSHIPS FOR ARRIVING STAFF MEMBERS, AND NO SUBSTANTIAL EXPANSIONS ARE IN SIGHT. AS CONSEQUENCE OF HIGH DEMAND AGAINST LIMITED AVAILABILITY, RENTALS IN VIENNA ARE UNUSUALLY STEEP. AVAILABILITY OF SCHOOL SPACE IS ANOTHER QUESTION. VIENNA'S AMERICAN INTERNATIONAL SCHOOL HAS HAD SOME GRADES FILLED TO CAPACITY IN PAST FEW YEARS, AND EVEN AFTER COMPLETION OF EXPANSION OF AIS NOW IN PROGRESS, IT REMAINS TO BE SEEN WHETHER SCHOOL WILL BE ABLE TO ACCOMMODATE GROWTH OF ALREADY EXISTING VIENNA COMMUNITIES, MUCH LESS COPE WITH LARGE ADDITIONAL SECRETARIAT UNITS. IT SHOULD BE NOTED THAT IT IS ALSO IN US INTEREST TO ASSURE THAT TO EXTENT POSSIBLE AIS ACCOMMODATES CHILDREN ON US BUSINESS REPRESENTATIVES ASSIGNED HERE.

7. LOCAL MISSION/EMBASSY ADMINISTRATIVE SUPPORT: FOLLOWING COMMENTS HAVE BEEN DISCUSSED WITH EMBASSY ADMIN OFFICER WHO CONCURS.

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IF VIENNA'S ROLE AS EITHER UN CONFERENCE CITY OR SEAT OF ADDITIONAL SECRETARIAT UNITS WERE FURTHER EXPANDED, THERE WOULD ALSO BE CONSEQUENCES FOR USG. WHILE MISSION DOES NOT SUGGEST THAT

THESE SHOULD GOVERN US ATTITUDE TOWARD AUSTRIAN PROPOSAL, WE FEEL THEY SHOULD BE BORNE IN MIND. AS TO CONFERENCES, NEITHER MISSION NOR EMBASSY PRESENTLY IN POSITION TO PROVIDE SERVICES TO US DELEGATIONS TO ADDITIONAL UN CONFERENCES IN VIENNA. DELEGATIONS WOULD HAVE TO BRING WITH THEM, OR LOOK ELSEWHERE FOR, AMONG OTHER THINGS: OFFICE SPACE, SECRETARIAL ASSISTANCE, VEHICLES, OTHER FORMS OF GENERAL ADMINISTRATIVE SUPPORT AND, PROBABLY, FOR OFFICERS TO ASSIST ON DELEGATIONS. AS TO ADDITIONAL SECRETARIAT UNITS, MISSION ASSUMES THAT RESPONSIBILITY FOR THEM WOULD BE ADDED TO ROLE OF MISSION/USREP UNIDO. HOWEVER EVEN WITH REORGANIZATION OR REORIENTATION, PRESENT TOTAL RESIDENT AMERICAN STAFF WOULD HAVE REAL DIFFICULTY IN ABSORBING RESPONSIBILITIES FOR MAJOR ADDITIONAL SECRETARIAT ORGANS. AUGMENTATION OF MISSION STAFF IS ALREADY ESSENTIAL MERELY TO COPE WITH WORKLOAD OF DEALING WITH AGENCIES ALREADY HERE. IN BOTH CONNECTIONS, SPACE PROBLEM IS CRUCIAL, MISSION QUARTERS ARE ALREADY INADEQUATE, AND EMBASSY STATES CATEGORICALLY THAT IT HAS NO ROOM NO ADDITIONAL SPACE WHICH COULD BE MADE AVAILABLE (IN FACT, IT WOULD WELCOME HAVING BACK SPACE WE OCCUPY NOW). THIS WILL REMAIN PROBLEM UNLESS AND UNTIL PENDING PROPOSAL WITH FBO FOR CONSTRUCTION OF NEW OFFICE SPACE FOR MISSION AND SOME EMBASSY UNITS IS APPROVED AND IMPLEMENTED.

8. RECOMMENDATION: BASED ON FOREGOING CONSIDERATIONS, OUR PREFERENCE IS TO DEFER ANY ACTION ON EITHER ASPECT OF GOA PROPOSAL BY GA UNTIL DONAUPARK PROJECT IS MUCH CLOSER TO COMPLETION. WE ALSO CONSIDER THAT WE SHOULD AVOID PREJUDGING EVENTUAL US POSITION BY INDICATING SUPPORT IN PRINCIPLE FOR AUSTRIAN PROPOSAL AT THIS TIME. WHILE WE APPRECIATE RATIONALE FOR EMBASSY'S RECOMMENDATION REF B, WE FEEL THAT POSSIBLE BUDGETARY AND ORGANIZATIONAL CONSEQUENCES OF EITHER ASPECT OF THIS PROPOSAL WARRANT FURTHER STUDY BEFORE INDICATION US ATTITUDE ON THIS MATTER.

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